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June 15, 1962

Observations after 40 years;
comments, profit & loss

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FCS [Washington]

June 15, 1962

Dear Sir:

I am pleased to have received your letter of June 10, 1962,

concerning the 40 years of Government

operation.

I am sure you will enjoy having this copy.

Sincerely yours,

Martin A. Abrahamson

Martin A. Abrahamson
Acting Administrator

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C & R-PREP.

OBSERVATIONS -- AFTER FORTY YEARS

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By Kelsey B. Gardner,
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Farmer Cooperative Service, USDA^{1/}

Forty years are quite a while. Dr. Knapp has suggested that I draw on the experiences of this period to offer some ideas and comments which I believe pertinent to the work of Farmer Cooperative Service. I am glad to have this opportunity.

While we are constantly reminded of it in our work, I think it proper and desirable in making these observations that we remind ourselves of the primary objective of Farmer Cooperative Service. We are all well aware that our purpose as a Governmental agency is to assist farmers to improve their economic status through continual strengthening of their cooperative business enterprises. Programs of research, advisory service and education are our tools for this job. This is the broad background on which my comments will be based. They are to be interpreted and evaluated against it.

One cannot in the span of a few minutes state even briefly the observations that come to mind out of 40 years' experience. But I will attempt to call attention to some that I believe are significant.

Working in FCS

Just what are some of the aspects of working in an agency such as ours that seem to be important?

First of all should be mentioned the real opportunity that is ours in working with cooperatives. There is real challenge in doing your best to help farmers realize the full potentials of the powerful mechanism they have in the cooperative form of organization. There are profound satisfactions in "making good."

Essential to the job is a belief in cooperatives. There is no place in our type of work for the coldly clinical approach. Objectivity? Yes. Cynicism? No. Success does not come to him who does not believe in the worthwhileness of his job and its objectives. It is not bias to have a firm belief in the potentials of cooperatives and to work toward their realization. Unless one has this belief, he cannot work with his maximum effectiveness.

^{1/} Comments made at a meeting of the professional staff of Farmer Cooperative Service, June 15, 1962.

There really is no place in the Service for the "opportunist." Unless there is positive concern for the progress of cooperatives, the worker cannot do justice either to himself or to the job. Unless he feels a sense of personal loss in cooperative inadequacies or failure, I believe the worker is miscast as a member of our staff.

In our Service the individual's capacities and imagination largely control the extent of his progress and development. The very nature of our work places heavy responsibilities on him. His output depends upon the judgment, discretion and knowledge he brings to bear on the cooperative problems that come to him for attention and action.

We are the beneficiaries of a reasonable degree of freedom of action in our work in the office and in the field. The wisdom with which we make use of this freedom determines whether we succeed with the job or only succeed in hanging ourselves, in a professional sense.

Ethics and Standards

It is obvious, of course, that as workers, we should be guided by those basic characteristics of ethics and standards--honesty and integrity. As a new employee, I was impressed by a call which came to the office possibly a week after I joined the Department staff. After being given the pertinent information available in the office, the caller's response was, "H--l, that doesn't prove what I want to prove." The impact of this closed point of view on a new research worker was one of the many such helpful ones that I have accumulated with the passage of time.

The fact that much of our work calls for good judgment and discretion is both an opportunity and a burden. It is a source of gratification that over my 40-year period of work with cooperatives, which includes the life of this Service and its predecessor agencies since 1926, I have not known of a single violation of the responsibilities placed on us by this nature of our work. We can take justifiable pride in this record. It is a source of our strength and of the respect of others that form a foundation for our work.

A recent incident prompts me to observe that our responsibilities are to all cooperatives. Work on a merger problem raised the question in a staff member's mind as to whether we could properly undertake work with another cooperative in the same operating area. The answer is obvious--specific cooperatives have no exclusive claims to our assistance.

Another comment that comes out of experiences as a branch chief and a division director is the need for development of competence at both of these levels--competence that will increasingly make it possible for still more responsibilities to be placed and successfully handled at these levels.

Training and Development

Much has been made recently of the training facilities now available to Governmental employees. These have their place but they cannot take the place of on-the-job training for the job to be done. My comments are in this latter area.

To my way of thinking, case studies of individual cooperatives are splendid devices for training the new employee, when these are made under the supervision and direction of a more experienced member of the staff. I stress this point because a well-done case study gets into aspects of the enterprise that may not be pertinent in more specialized and restricted types of study.

In earlier days of the Service, much was made at times of reviewing technical aspects of projects at staff meetings. There was division of opinion about the desirability of this step. However, long observation leads me to the conclusion that some staff members are not conversant and make no effort to acquaint themselves with techniques used by other workers in the Service. In some cases, only a review at a staff meeting will bring these procedures to the attention of these workers. I recall an incident that well illustrates this point. It struck quite a few sparks at the time. Briefly, it was a comment to the effect that if one branch's staff had been conversant with the publications of another branch, discovery by the first branch of an important cooperative financing procedure would have been made much earlier.

Judgment and Discretion

Judgment and discretion are always most important human attributes. The character of our work in FCS, our relationships to cooperatives and our responsibilities as Government employees make judgment and discretion of the highest importance. In an atmosphere where there is often much blind opposition to cooperatives it is vital that our every move be as correct as we can humanly make it.

There is another aspect to our environment that has great significance. This is the well-intentioned and favorable attitude toward cooperatives that is held in important quarters. This is all to the good provided there accompanies it an adequate understanding of farmer cooperatives and the problems of this Service in working with them. Two illustrations will make this clear.

Not long ago an individual with an outstanding record of effecting financial plans for mergers in the corporate field discussed with some of us the possibilities of cooperatives taking over one of the large meat packers. When it was pointed out to him that livestock cooperatives actually did not control the necessary supplies of livestock to the extent that they could without question make delivery at specified times

his interest evaporated. Basically, it was a case of his not understanding the character of livestock cooperatives and the relations that exist between associations and members.

Our job of capitalizing on some of the good will toward cooperatives is at times made difficult by lack of the basic understanding of cooperatives on the part of those who are well-intentioned toward them. One instance comes to mind.

At one of the international technical meetings on cooperatives I was privileged to attend I overheard a conversation that illustrates this point. The Governor-General of the territory host for the Conference directed this question to the Secretary-General of the governmental commission sponsoring the conference: "What do you know about these cooperatives?" The latter replied, "I know they are good but that's about all." My point is that his attitude was good. At the same time he was apparently uncertain about having the knowledge essential to explaining or defending his favorable attitude.

Our potential contribution to sound thinking in farmer cooperatives is great provided our "feet are on the ground." We need to keep constantly in mind the question of how our recommendations, opinions or suggestions will look to others. Their acceptability will depend upon the judgment, discretion and tact with which they are presented.

Research

One of the things for which we all owe a debt to Dr. E. A. Stokdyk was his insistence on high standards of research during his brief stay in Washington in 1938 as Deputy Governor of the Farm Credit Administration in charge of research. This was particularly marked by his conviction that preparatory steps in the development of a research project should include a well-thought out series of hypotheses whose validity was to be tested by the research procedures of the project.

Another aspect of research that I do not think has been used to its fullest advantage is the outline. Preliminary outlines of steps to be followed and of tabulations as well as the format of publications have great value from both the researcher's points of view and those of his supervisors.

There is a reservoir of experience in the Service that is not being made use of. For example, I recall one staff member who was scheduled for important work in the Washington State apple area. Purely accidentally, we happened to get together. As I had on two previous occasions worked for a number of months in the area I was able to make suggestions. The

upshot of the matter was that I was asked to spend a week with him in Yakima helping him to organize and get his work underway. At times it is almost a research project in itself to discover this kind of experience available in the staff but it's important to keep the possibilities in mind.

A problem that sometimes confronts the research worker is saying "no" to possible projects which you believe to lie outside your competence or authority. Examine the request before saying "yes." It is no disgrace or violation of research ethics to back away from a situation that you believe is too fraught with implications involving politics, personalities, or other complicating factors. Once you accept a research job you are "stuck" with all of the responsibilities that go with doing an objective research job.

"Basic" Research

One of my regrets is that pressures, limited personnel and financial resources have kept us from doing some of the things that appear to me to be needed in the so-called "basic" research field. This in no way is to be construed as a criticism. If I had not believed our program of research work was extremely valuable in its contributions to cooperatives and others I would have gotten out of it long before mandatory retirement forced me out.

A few illustrations will be sufficient to indicate areas of "basic" research that currently appear to me to be vitally needed. These include:

1. Economic nature of the cooperative organization including differentiation on economic grounds between profits in the usual corporate sense and savings in the cooperative corporation.

Research in more depth on the economic nature of farmer cooperatives is essential to cooperative progress and to the increased stature of the Service as a research organization.

2. Equitable methods of determining and distributing patronage refunds.
3. Definitive study of problems of the use and abuse of the revolving fund principle.
4. Membership contracts as factors in the further development of sound and effective cooperatives.

It has long been my belief that in some manner the work load must be cleared so that supervisors can give more guidance, attention and control

to research project development, procedure and progress. Our mandate to help farmers in their efforts to cooperate effectively is entirely clear. Our problem is to get out in a tactful manner from some of the welter of administrative "red tape" whose continually growing volume cuts into the time available to carry out the assistance program that is the primary reason for the existence of this Service.

This whirl of extracurricular activities, which is imposed on us, reminds me of the businessman who installed a cost system. I hope I will not be convicted of lese majesty in citing it. At any rate, this businessman had a call after a few weeks from the accountant who had installed the system. After the casual pleasantries, the accountant asked "How's business?" The startled reply was, "Business? We've given that up to run the system." I hope that the future portends a proper balance for the Service between excess administrative activities and conduct of programs.

Working with Cooperatives

Our relationships with cooperatives are based entirely on voluntary grounds. There are those who at times reveal other points of view, largely the result of misconceptions about our authorizations. Two illustrations will suffice to make my point clear.

For example, occasionally this relates to follow-ups on recommendations. Although we are fully convinced of the validity of our recommendations we cannot force them upon other people. If they are not adopted, several possibilities come to mind--they are not sound, personalities have come into the picture, or we are just not good salesmen. One thing is certain. We cannot because of insistence on adopting our ideas make pests of ourselves.

We have to beware of inadvertently getting into situations having important legal implications. A case in point is the overlapping operations of two cooperatives covering the same territory. From time to time implied suggestions come to us to try to work out some "reasonable" solution. If this implies division of territory, it well illustrates the point I am trying to make. It all adds up to, "we have to watch our step." We have no authority to join the "you tell 'em" type of approach.

Some Opportunities and Problems of Farmer Cooperative Service

It's well worth while from time to time to take stock of where we stand. The inventory of our opportunities is impressive. A brief summary of some important items follows:

1. Our peculiarly individual and distinctive authorizations to help farmers realize the potentials of their cooperatives.

2. Our reputation for honesty, integrity and ability to conduct our work.
3. An opportunity to help farmers build their own economic improvement mechanisms in contrast with governmental aids.
4. Ability to combine closely the academic and the practical in our analytical work and its direct application to cooperative problems.
5. A demonstrated record of competency and achievement.
6. The prestige of an agency of the Federal Government is a real asset. If a good FCS reputation is deserved and respected, our position as a Governmental agency opens doors to contacts both within and outside of Government that would not otherwise be available to us.
7. An obligation to help maintain within the domestic boundaries of the United States well-developed and successfully operating examples of cooperative institutions that can be of tremendous value as examples and guides to less fortunate peoples groping for some way out of social and economic bogs and jungles.

This Service has its problems, also. A brief recital of some will possibly be helpful. Anyway, here they are, not necessarily in order of importance.

1. Budget problems.
2. Just plain administrative pressures and problems that interfere with program conduct and progress.
3. Misunderstanding. Memory brings to mind, for example, the thwarted determination of one member of the Federal Farm Board to do away with our vital, annual statistics of numbers, memberships, and volumes of business. Better comprehension by other equally determined members blocked his effort.
4. Failure on the part of cooperatives and those interested in them, including this Service, to gain sufficiently wide and adequate understanding of what cooperatives are and what their objectives are.
5. Problems in the development of greater support and understanding of our work and its objectives.
6. Lack of complete opportunity to direct the program of Farmer Cooperative Service to the fullest extent possible in those areas that are distinctively cooperative.

7. Perverseness of human nature that prevents the humans in control of cooperatives from recognizing their community of interests and the values of greater cooperation among cooperatives.

I have only to cite the 11-year confusion of the tax problem within cooperative ranks to make this point clear.

8. Development and maintenance of the highest degrees of judgment and sense of responsibility on the part of each individual staff member at all levels of the agency.

9. Failure of many, primarily in cooperative ranks to recognize adequately the power and potential of the cooperative form of organization.

10. Rise of the "operator complex" in farmer cooperatives. This means the blind belief that all that is required to build sound cooperatives is the patronage refund payment or a good job. These are vital, of course, but the cooperative structure is flimsy if there are not well-conceived and directed efforts to build a sound base of membership understanding and support, carrying with them a sense of owner-responsibility.

11. Another problem is involved in our capacity to make the fullest contributions to international programs and needs without impairing our capacity and ability to meet our responsibilities within the boundaries of the United States.

Final Comment

Farmer Cooperative Service is the product of many sacrifices and efforts. There have been times when the outlook was dark indeed and only quick action prevented ill-advised action by someone in authority who did not "know the score." This is a constant danger and one which calls for the development of the best possible understanding.

One recalls the formation of the Cooperative Marketing Division under the able leadership of Chris Christensen and the hectic days of the Federal Farm Board. Then, there was the restoration of our status as a research agency in the 30's, as well as the threat to our very existence occasioned by the proposed move to Kansas City at the outbreak of World War II. There were the resulting struggles to meet the needs of the war period and at the same time maintain the organization as a unit that would be ready to meet cooperative needs of the post-war period. In more recent years we have had other problems with which most all of you are familiar.

Our record is clear and is one in which we can well take justifiable pride. In a controversial area where some do not like cooperatives we have done our job in a professional manner that has brought credit to the Federal Government.

The challenge to you as present members of the staff is to build a still more effective Farmer Cooperative Service to meet the needs of farmer cooperatives under today's changed conditions. I hope that you will meet this challenge so well that those of us who are watching you from the sidelines will be proud to say, "I was once a staff member of Farmer Cooperative Service."

